

Message Text

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PAGE 01 STATE 050519
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 AF-08 FEA-01 ERDA-05 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 AGRE-00 NSCE-00 SSO-00
USIE-00 INRE-00 /102 R

DRAFTED BY EB/ORF/FSE:WMILAM:MM

APPROVED BY EB:PBOEKER

EB/ORF/FSE:MCREEKMORE

EB/ORF/ICD:EAWENDT

EB/IFD/OMA:RRYAN

EB/IFD/ODF:AADAMS

EUR/RPE:PMC CLEAN

TREASURY:WWITHERELL (SUBS)

AF/EPS:RDUNCAN

-----080135Z 064572 /73

O 080029Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY STOCKHOLM IMMEDIATE

C O N F I D E N T I A L STATE 050519

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: CIEC: MEETING WITH SWEDISH DEVELOPMENT MINISTER

FOR AMBASSADOR AT OPENING OF BUSINESS

1. PARAS 2 AND 3 FOLLOWING SHOULD BE DRAWN UPON IN YOUR
CONVERSATION WITH ULLSTEN AND BELGRAGE ON CIEC SUBSTANTIVE
ISSUES. PARA 4 IS FOR YOUR BACKGROUND INFO. YOU SHOULD
ALSO DRAW ON USOECD 6292 IN DISCUSSING G-8 AGREED
POSITION ON TIMING AND PROCEDURE FOR RESUMING CIEC.
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PAGE 02 STATE 050519

2. US VIEW ON NORTH/SOUTH DIALOGUE AND CIEC. THE US IS
COMMITTED TO CONSTRUCTIVE AND COOPERATIVE RELATIONS WITH
DEVELOPING COUNTRIES. IN PURSUING THIS OBJECTIVE OUR
CONCERN IS NOT DOMINATED BY PARTICULAR MULTILATERAL
CONFERENCES, AS IMPORTANT AT THESE MAY BE, BUT BY OUR
DESIRE TO DIRECT NORTH-SOUTH COOPERATION ALONG AVENUES

THAT CAN BE SUSTAINED OVER THE LONG RUN BECAUSE THEY REFLECT THE INTERESTS OF BOTH SIDES. WE VIEW THE NORTH/SOUTH DIALOGUE AS A LONG-TERM PROCESS. OUR OBJECTIVES ARE TO DIRECT THE DIALOGUE TOWARD PRAGMATIC AND COOPERATIVE EFFORTS TO IMPROVE THE OPERATION OF THE EXISTING INTERNATIONAL ECONOMIC SYSTEM IN WAYS WHICH

BENEFIT INDUSTRIAL AND DEVELOPING COUNTRIES, OR AT LEAST DO NOT BENEFIT ONE GROUP AT THE EXPENSE OF THE OTHER. THESE EFFORTS SHOULD AIM AT IMPROVING THOSE MECHANISMS FOR RESOURCE TRANSFER SUCH AS TRADE AND INVESTMENT, THAT REFLECT MUTUAL BENEFIT OR DIRECT AID WHICH CAN BE DIRECTED TO THE POORER AND THOSE USING IT MOST EFFECTIVELY. WE STRONGLY FAVOR SUCH DISCRETIONARY AND DIRECT AID OVER AUTOMATIC, INDIRECT MECHANISMS FOR RESOURCE TRANSFER, SUCH AS GENERALIZED DEBT RELIEF, INDEXATION, AND ARTIFICIAL COMMODITY PRICES. CIEC CAN BE AN IMPORTANT STEP IN RE-DIRECTING THE PRIORITIES OF

THE NORTH/SOUTH DIALOGUE ALONG LINES WHICH WILL FACILITATE SUSTAINED COOPERATIVE ACHIEVEMENT OVER YEARS TO COME.

3. THE FINAL CIEC PACKAGE. THE FINAL PACKAGE THE G-8 OFFERS THE LDCS WILL BE INSTRUMENTAL IN DETERMINING WHETHER WE ACHIEVE OUR IMMEDIATE CIEC OBJECTIVES AND ARE ABLE TO USE CIEC TO FURTHER OUR LONG-TERM DIALOGUE GOALS. OUR PRELIMINARY THINKING ON THE PACKAGE WAS EXPLAINED
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PAGE 03 STATE 050519

LAST WEEK AT THE G-8 MEETING, BUT OUR POLICY REVIEW IS NOT COMPLETE AND OUR FINAL POSITIONS ON THE VARIOUS CIEC ISSUES HAVE NOT YET BEEN DECIDED. ON TRANSFER OF RESOURCES WE ARE, AT PRESENT, DISPOSED TO INCREASE DEVELOPMENT ASSISTANCE. WE REMAIN OPPOSED TO GENERALIZED DEBT RELIEF. BUT WE DO RECOGNIZE THAT THERE IS AN LDC DEBT PROBLEM--THOUGH NOT AS DEFINED BY THE G-19 IN CIEC--AND THAT READINESS TO CONSIDER ACUTE LDC DEBT PROBLEMS WILL BE REQUIRED. WE CANNOT ACCEPT THE UNCTAD-PROPOSED COMMON FUND, BUT DO SEE THE NEED FOR ADEQUATE FINANCING OF AGREED BUFFER STOCKS. WE ARE THEREFORE WILLING TO CONSIDER SOME VARIATION OF THE FOUR-

CADE PROPOSAL ON LINKAGE OF BUFFER STOCK FUNDS ONCE THEY ARE SETTLED BETWEEN CONSUMERS AND PRODUCERS. WE WISH TO HELP AVERT WIDE COMMODITY PRICE FLUCTUATIONS, BUT WE DO NOT VIEW COMMODITY AGREEMENTS AS A MEANS FOR TRANSFERRING RESOURCES. WE ALSO BELIEVE THAT DEVELOPING NEW RAW MATERIAL RESOURCES IS IMPORTANT AND THAT MORE MULTI-

LATERAL EFFORT AT SUCH RESOURCE DEVELOPMENT IS NECESSARY. THERE SHOULD, HOWEVER, BE NO FINANCIAL LINKS BETWEEN RESOURCE DEVELOPMENT AND ANY POOLING OF BUFFER STOCK FUNDS. WE THINK THE ESTABLISHMENT OF A CONTINUING CONSULTATION ON ENERGY AMONG THE INDUSTRIALIZED COUNTRIES, THE OPEC COUNTRIES, AND THE OIL-IMPORTING DEVELOPING COUNTRIES SHOULD BE AN ELEMENT IN THE FINAL CIEC PACKAGE. WE BELIEVE THAT OIL IMPORTING DEVELOPING COUNTRIES

SHOULD RECEIVE TECHNOLOGICAL ASSISTANCE TO DEVELOP ALTERNATIVE INDIGENOUS ENERGY SOURCES, AND WE ARE CONSIDERING THE POSSIBILITY OF FINANCIAL ASSISTANCE.

4. SPECIFIC AREAS OF DIFFERENCE WITH SWEDEN IN CIEC.
-- ODA. SWEDES HAVE PROPOSED THAT AID DONORS COMMIT TO PROVIDE (A) 0.7 PERCENT OF GNP FOR ODA WITH AN AVERAGE GRANT ELEMENT OF 90 PERCENT; AND (B) ALL AID TO CONFIDENTIAL

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PAGE 04 STATE 050519

LEAST DEVELOPED COUNTRIES (LLDCS) ON A GRANT BASIS. U.S.

HAS NOT ACCEPTED EITHER 0.7 PERCENT TARGET OR THE 90 GRANT ELEMENT PROPOSALS.

-- DEBT. SWEDES HAVE MADE CLEAR THEIR READINESS TO GRANT GENERALIZED DEBT RELIEF. AS SWEDISH AID IS MOSTLY ON GRANT BASIS, THEY HAVE LITTLE ODA DEBT.

-- COMMODITIES. SWEDEN ACCEPTED THE NAIROBI COMMUNIQUE LANGUAGE ON THE INTEGRATED PROGRAM/COMMON FUND. WE CANNOT ACCEPT THE UNCTAD COMMON FUND PROPOSAL THOUGH WE WOULD CONSIDER POOLING OF FUNDS GENERATED BY INDIVIDUAL BUFFER STOCK ARRANGEMENTS (SEE PARA 3).

-- ENERGY. SWEDEN HAS INDICATED IN IEA A WILLINGNESS TO GO MUCH FURTHER TOWARD OIL PRICE INDEXATION THAN MOST OTHER G-8 MEMBERS. THE SWEDES HAVE ALSO REFUSED TO PERMIT PROPOSALS PUT FORWARD IN THE ENERGY COMMISSION TO BE IDENTIFIED SPECIFICALLY WITH THE G-8 AND HAVE INSISTED ON THEIR BEING LABELED "PROPOSALS OF THE INDUSTRIALIZED COUNTRIES IN THE ENERGY COMMISSION."

5. WE WOULD BE INTERESTED IN LEARNING ULLSTEN'S IMPRESSIONS FROM HIS RECENT TRIP TO AFRICA. US CONCERN FOR REGION HAS INCREASED AS ILLUSTRATED BY FACT THAT PROPOSED LEVEL OF US BILATERAL ASSISTANCE TO SUBSAHARAN AFRICA FOR FY 78 WILL EXCEED FY 77 LEVEL BY 55 PERCENT.

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PAGE 01 STATE 050519
ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

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DRAFTED BY: EUR/RPE:ACALBRECHT:CS

APPROVED BY: EUR/RPE:ACALBRECHT

-----101356Z 099265 /43

R 092345Z MAR 77

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 050519

FOLLOWING TEL SENT ACTION STOCKHOLM FROM STATE MARCH 08:

QUOTE C O N F I D E N T I A L STATE 050519

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CONFIDENTIAL

PAGE 02 STATE 050519

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PAGE 04 STATE 050519

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VANCE UNQUOTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, BRIEFING MATERIALS
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Copy: SINGLE
Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: WMILAM:MM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770078-0702
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770382/aaaactyv.tel
Line Count: 331
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Litigation History:
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Message ID: 8c27febb-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3175847
Secure: OPEN
Status: NATIVE
Subject: CIEC: MEETING WITH SWEDISH DEVELOPMENT MINISTER FOR AMBASSADOR AT OPENING OF BUSINESS
TAGS: ENRG, US, SW, CIEC, (ULLSTEN, OLA)
To: STOCKHOLM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8c27febb-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009